COMMODITY MARKET TRENDS

MACROECONOMICS

By mid-2025, the international macroeconomic landscape remains unstable, though not without signs of a potential stabilization. The global economy continues to operate in a fragile balance, caught between glimpses of recovery and persistent geopolitical, commercial, and structural tensions. The pace of growth remains uneven: Europe is advancing slowly, weighed down by lukewarm consumer spending and still-cautious investments; the United States shows surprising resilience, fueled by a strong labor market and the momentum of the tech sector; China, on the other hand, is struggling to revive its economic engine, burdened by weak domestic demand and an unresolved real estate crisis.

The global economy in 2025 is in a phase of uncertain transition: On one hand, progress on the inflation front is giving central banks some breathing room to better calibrate their interventions; on the other, new trade wars are looming, geopolitical escalations (especially in the Middle East and the Pacific region) are intensifying, and structurally weak growth persists across many industrialized countries.

INFLATION

After months of increases, inflation finally appears to be slowing down. In Europe, it fell to 1.9% in May, dipping below the ECB's target for the first time in years. A positive signal, but not entirely reassuring: service prices remain high, and although the central bank has initiated a first rate cut, it prefers to proceed cautiously. In the United States, inflation is stable at around 2.5%. The drop in energy prices has provided relief, but services continue to exert upward pressure. The situation is quite different in China, where inflation is nearly flat (0.6%) and the risk is deflation. The main challenge for China is to reignite domestic demand through fiscal and monetary stimulus.

VALUE CHAINS UNDER PRESSURE

Global trade is going through a phase of growing tension. The issue of trade barriers was reignited by the U.S. administration, which in the first half of 2025 introduced a new package of tariffs on imports from China, the European Union, and Canada. A move that has revived fears of a worldwide protectionist escalation. These measures, combined with still-weak global demand, are putting pressure on international value chains—already weakened in recent years by the pandemic, wars, and logistical crises. Many companies are now being forced to rethink suppliers, trade routes, and sourcing strategies in a context that demands greater resilience, diversification, and adaptability.

ENERGY MARKET

In the energy sector, the real destabilizing factor is geopolitics. Tensions between Iran and Israel—compounded by direct U.S. involvement in targeted strikes—have raised fears over the security of the Strait of Hormuz, a critical chokepoint for global trade. For now, a fragile truce is holding, but the balance remains precarious.

NATURAL GAS: U.S. strikes on Iranian nuclear sites have reignited tensions in the Middle East, pushing up gas prices in Europe and LNG prices in Asia. The risk of a closure of the Strait of Hormuz is fueling fears over global energy supplies. Despite subdued demand, the market remains driven more by geopolitical dynamics than by fundamentals.

THERMAL COAL: Despite the escalation in the Middle East, futures have remained stable, with the market in a wait-and-see mode. A potential closure of the Strait of Hormuz could impact coal through competition with LNG in Asia.

OIL: Oil prices have climbed to their highest levels since January following U.S. and Israeli strikes on Iranian nuclear sites, stoking fears of disruptions in the Strait of Hormuz. Even in the absence of actual supply interruptions, perceived risk is fueling volatility. OPEC+ has spare capacity, but not all Gulf countries have alternative routes, making the situation fragile and highly dependent on Iran's strategic choices.

COMMODITY MARKET TRENDS

GRAINS

GLOBAL GRAIN PRICE TRENDS

In May 2025, the FAO Cereal Price Index fell by 1.8% compared to April, marking an 8.2% year-on-year decline. The drop is mainly due to abundant maize supplies from South America and the United States, which have also pulled down prices for sorghum and barley. Wheat prices remain relatively stable, while rice has seen a slight increase, supported by demand for certain Asian varieties and currency factors. Global production remains strong, maintaining downward pressure on the market.

COMMON WHEAT

As the summer harvests approach, downward pressure is emerging on European and Russian financial markets, while prices remain more supported in the U.S. and Ukraine. Weather forecasts and new export restrictions on Ukrainian goods heading to the EU are the main sources of instability—and potential price rebounds—in the coming months.

EUROPEAN UNION

- **EU soft wheat production is expected to rise sharply (+13% compared to 2024), driven by France (+25%).** However, drought conditions in Northern Europe have led to a slight downward revision.
- The reintroduction of import quotas on Ukrainian wheat could support EU prices, although global competition remains a real risk.

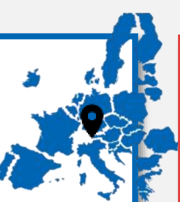
UKRAINE - RUSSIA

- **A production decline is estimated in Ukraine (-1.7%) and an increase in Russia (+1.7%).**
- The introduction of new EU import quotas on Ukrainian grain will reduce flows to Europe, but Ukraine is expected to seek alternative outlets, putting downward pressure on global markets.

DURUM WHEAT

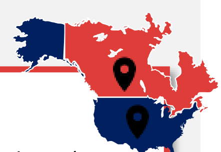
As the harvest progresses, wheat markets are showing mixed signals: Prices are generally stable in Italy and France, declining in Spain, and rebounding in Turkey. In the background, uncertainty is growing over weather conditions and the development of planted areas—particularly in North America, where drought remains the main driver of volatility.

EUROPEAN UNION



- **Estimates confirm an increase in soft wheat production in the EU compared to 2024, but Italy and Spain remain uncertain due to lower-than-expected yields.**
- In France, production is expected to remain stable thanks to favorable crop conditions. Prices are holding steady compared to the end of May, with the exception of Spain.

NORTH AMERICA



- In the **U.S.**, Desert Durum production is down (-22%) due to reduced planting, while the Northern Plains are being closely monitored because of drought conditions.
- In **Canada**, crop conditions are deteriorating and rainfall remains insufficient: export estimates have been raised, but stock projections have been cut.

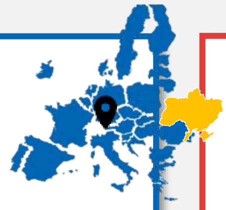
COMMODITY MARKET TRENDS

GRAINS

MAIZE

In May and the first half of June, corn futures continued to decline, driven by the outlook for abundant U.S. harvests and a strong euro in Europe. The overall context remains bearish, but steady demand—especially for U.S. exports—and weather-related uncertainties in the EU could limit further downside potential.

EUROPEAN UNION



- **Harvest forecasts for 2025/26 have been revised downward: the Commission estimates 63.8 million tons.** Smaller planted areas (-5.2%) make production highly dependent on yields and weather conditions. Additionally, the end of the zero-tariff regime for Ukrainian imports will limit external supply. Prices remain under pressure, though there is less room for further declines compared to domestic price levels.

USA

- **U.S. corn exports are soaring: +16% compared to the previous season, with upward revisions to 67.3 million tons.** Final stocks for 2024/25 are down by 23%, while a record harvest is still expected for 2025/26 (401.8 million tons, +6.4%).
- Planting is progressing well, but attention is growing around drought-affected areas (18% vs 2% a year ago). Strong demand may help limit price declines driven by high supply.

RICE

For the 2025/26 season, the USDA forecasts a new global rice production record, driven by higher yields (+0.5%) that offset a slight decline in planted area. Consumption is growing faster than production (+1.5%), led by India. Global stocks remain stable, but the market continues to be highly sensitive to weather events. International prices are falling, though there appears to be limited room for further declines.

ITALY

- **Despite delays caused by April rains, planting is progressing.** In May, the market saw sharp price drops for Arborio (-3.8%) and Carnaroli (-4.6%) due to weak demand, while Originario (Tondo) prices rose (+4.8%) driven by strong demand and expected reductions in planted area.
- Production is forecast to increase thanks to expanded acreage, which could lead to significant price drops. Extra-EU exports and imports recorded -10% and +20%, respectively.

INDIA

- **India remains the world's top rice exporter in 2025/26, with rising supply supported by record yields favored by the monsoon season.** Production is expected to grow by 0.7%, while domestic consumption is set to increase by 3.3%, driven by government food distribution programs.
- India's renewed presence on the global market is discouraging planting in Thailand and impacting global market balance. India's influence remains crucial both for the stability of global supply and for maintaining price levels in the medium term.

MILK AND EGGS

MILK AND DAIRY

- **Spot milk prices remain higher than in 2024, despite a slight monthly decline.** The same trend applies to major dairy products (butter, milk powders, cheeses): minor monthly drops, but still significantly higher values compared to last year.
- Milk production in the EU is slowing down: in the first three months of 2025, deliveries are down—especially in Germany, France, and the Netherlands. The decline is driven by high costs, infectious diseases (foot-and-mouth and bluetongue), and environmental policies that limit herd expansion. Milk shortages are also curbing dairy processing volumes.

EGGS

- **After a +60% surge between August 2024 and April 2025, egg prices in Italy have dropped by 13% since April, hitting their lowest level since November.** Despite the decline, prices in May 2025 remain high: +34% compared to the same month in 2024.
- The decrease is linked to seasonally lower demand—further dampened by inflation—and a less intense spread of avian flu. Outbreaks in the EU and Italy are slowing, and gas and feed costs are also easing. There has been a sharp increase in imports, particularly from Ukraine, while exports have seen a slight decline.

TOMATO

TOMATO

The global tomato market is experiencing strong price pressure, driven by declining production for the third consecutive year and persistently high industrial costs. Prices for processed products remain stable but at historically high levels, with the 2025/26 harvest expected to fall below the five-year average globally. Ongoing planting in Europe is facing delays due to bad weather, adding further uncertainty to supply outlooks.

SPAIN

- **Spain is facing significant delays in transplanting due to rainfall and issues with greenhouse plant management.** Production forecasts are awaiting a further downward revision, which would bring volumes below those of the past two seasons.
- Operational difficulties may result in a shorter and more concentrated harvest, increasing pressure on the Spanish processing industry and European markets.

ITALY

- **In Italy, weather conditions have had uneven impacts: transplanting delays in the North, fewer issues in the Center, and water shortages in the South.**
- Purchase prices are rising (+7%) due to new quality-related bonus/penalty rules. The structural shortage of supply continues to keep processed product prices high, especially for pulp and concentrates.

COMMODITY MARKET TRENDS

VEGETABLE FATS

SUNFLOWER OIL

In the first weeks of June, the sunflower oil market showed further signs of decline: prices dropped by 1–2% in major markets, despite limited seed availability continuing to constrain supply. For 2025/26, global production is expected to recover thanks to increased acreage and yields, particularly in the Black Sea region. Trade (+10%) and consumption (+7%) are also forecast to grow, but stocks remain at critically low levels, keeping the market potentially volatile.

UKRAINE

- **Ukrainian oil exports are recovering, especially toward the EU, but since the start of the season they remain 25% below last year's levels.** Higher profitability compared to other crops is driving an expansion of cultivated areas.

INDIA

- **India remains one of the main drivers of global sunflower oil demand, with imports expected to grow by 10% in 2025/26.**
- Strong domestic needs make India highly sensitive to international prices, supporting the global recovery of trade.

PALM OIL

Between April and May, palm oil prices dropped by over 10%, regaining strong competitiveness compared to other vegetable oils. The downward pressure is driven by a production recovery in Malaysia and still-weak demand, particularly from India. However, with low stock levels in importing countries and recovering demand, there appears to be limited room for further price declines.

MALESIA

- **Since April, Malaysia has recorded a significant increase in production, pushing stock levels above those of the previous year.**
- The recent downward pressure has brought palm oil back to a discount compared to all other vegetable oils, boosting exports.

INDIA

- **India significantly reduced its crude palm oil imports in April.** This decline contributed to stock accumulation in Southeast Asia. However, Indian demand is expected to rebound, potentially supporting a recovery in exports from producing countries.

OLIVE OIL

With flowering now complete and favorable spring conditions, the 2025/26 olive oil season is showing signs of a gradual recovery in the main Mediterranean producing countries, after two difficult years. Recovering stock levels and an expected increase in supply are pushing prices toward normalization, although market volatility and climate risks remain key factors to watch.

ITALY

- **The outlook in Italy is more uncertain: despite a mild winter and some positive signals, hailstorms in Puglia in April damaged part of the flowering.**
- Domestic demand remains strong, driven by the pursuit of quality and the strength of the premium supply chain. Limited stock levels continue to support firmer prices compared to other countries.

SPAIN

- **Spain remains strong: following the sharp recovery in 2024/25, stock levels as of April 30 are up 53% compared to last year.** Flowering has improved thanks to optimal weather conditions.
- The expected high availability could lead to a gradual easing of prices, bringing the market toward greater stability.

COMMODITY MARKET TRENDS

EXOTIC IMPORTS

COFFEE

Between April and May, global coffee prices underwent a sharp correction: arabica fell by 14% and robusta by 12%. The decline was driven by improved production outlooks for 2025/26, rising certified stocks, and the unwinding of speculative positions. With inventories still relatively low, the market is expected to remain highly sensitive to upcoming harvests.

VIETNAM

- **Vietnam is set to regain a leading role in 2025/26, with production expected to grow by 7% thanks to substantial investments and favorable weather.**
- Exports are also forecast to rebound (+5%) after a slowdown caused by producers holding back supply.

BRASIL

- **Brazil has revised its 2025/26 production upward (+0.5% vs 2024/25), driven by a projected record robusta crop (+15%) thanks to ideal weather conditions.**
- Arabica production, however, is expected to decline by 6.4%. Exports are forecast to drop by 5.6%, but Brazil could gain a competitive edge in the U.S. market due to lower tariffs compared to Vietnam and Indonesia.

SUGAR

In June, international sugar markets recorded new declines, hitting the lowest levels in over four years, with a more moderate drop for white sugar. The downward trend was amplified by the exit of speculative traders and expectations of record production in major exporting countries. However, while global signals remain largely deflationary, prices in Europe remain high, supported by limited stock levels and prospects of renewed import dependency.

EUROPEAN UNION

- **In Europe, sugar prices remain elevated.** Strong production in 2024/25 drastically reduced imports (-70%), but for the upcoming 2025/26 season, a production decline is expected due to a 7% drop in planted area. This could return the EU to a net importer position, increasing its reliance on external supply.

BRASIL

- **Brazil has entered its peak production phase with the highest output level ever recorded.** Crushing rates reached their highest point in over eight years during the second half of May. This supply surplus, combined with production recoveries in India and Thailand, is the main driver of downward pressure on international markets.

COCOA

- **After months of record highs, the cocoa market has entered a downward phase: in London, cocoa bean prices have dropped by 25% since mid-May, while cocoa butter and liquor have fallen by 30% and 25% respectively.** Cocoa powder is the exception, remaining at very high levels.
- Rainfall in West Africa has supported the final stages of the mid-crop and improved the outlook for the main crop. Meanwhile, consumption is slowing: in Q1 2025, cocoa processing fell by 3.4% across major global regions.
- In the U.S., certified stocks have been rising for five consecutive months (+7% in June), also supported by a partial suspension of import tariffs. However, uncertainties remain regarding crop quality and a slowdown in port arrivals from Côte d'Ivoire, which have dropped sharply compared to late 2023.
- In the short term, the market remains exposed to volatility. But if demand continues to weaken and the 2025/26 harvest results in a small surplus, a more sustained price decline could take hold in the medium term.

WORLD| FLASH NEWS

OATS

- **As of mid-2025, the oat market is moving within a context of relative stability, with mixed signals coming from abundant supply, evolving demand, and generally steady prices, despite slight corrections in recent weeks.**
- After a positive start to the year, international oat prices recorded a moderate increase of around 8–12%, driven by strong demand in the feed sector and decent interest from the food industry. However, by the end of June, a slight dip emerged, due to higher-than-expected availability and a temporary slowdown in global demand.
- **On the supply side, the situation appears fairly balanced.** Harvests in North America—the leading production region—are expected to be solid, while in Europe there has been a slight contraction in cultivated area. Global stocks are up compared to last year, although the volume actually available for export remains limited, particularly from countries like Canada and Ukraine.
- **Demand continues to be primarily driven by the animal feed sector,** but human consumption is also growing significantly, especially in Nordic and Central-Northern European markets. Interest in oat-based foods—from porridge to plant-based drinks like oat milk—remains high, fueled by health-conscious and plant-based lifestyle trends.
- **From a climate perspective, no adverse events have been reported so far in the main producing regions,** but vigilance remains high: unfavorable weather conditions in the coming months could quickly affect price trends. For now, markets remain cautious: futures show slight fluctuations, but no major volatility.
- **Looking ahead, the medium- to long-term outlook for the oat market remains positive.** According to forecasts, the sector is expected to continue growing in the coming years, supported by the expansion of the health-focused food industry and the increasing role of oats as a functional ingredient across various product categories.

POTATO NEWSLETTER

The 2025 potato planting campaign in Europe was completed in early May under particularly favorable conditions, with good-quality seed and early emergence in fields planted between early and mid-April. However, the lack of rainfall is becoming a concern: after an unusually warm March and April, the dry weather is creating challenges for weed control and increasing uncertainty over final harvest outcomes. Some rain is expected, but not in sufficient volumes. The quality of stored potatoes (2024 harvest) remains generally good.

Free market potato prices are falling. Prices have dropped notably in the Netherlands (-€26.50/t), as well as in Germany and Belgium, while remaining stable in France. However, most farmers are protected by pre-established contracts that secure prices over €150/t higher than current free market levels. **On the futures market, spring 2026 prices remain stable at around €160/t,** with a slight uptick recorded between late April and early May.

The Atlante technical team draws on multiple sources for the preparation of this bulletin. We would like to thank our business partners for the information they shared with us and entities such as Areté,Ager, and Call, for the information they regularly publish.